

# Selling AJ parcel will open next Valley growth frontier

## STATE LAND

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velopment company, Lend Lease Communities, has been selected to help plan the first auction. It's the first time the Land Department has enlisted an outside consultant to prepare a parcel for sale, an indication of the project's scope and complexity.

Over time, the department expects the Pinal County property sales to generate as much as \$10 billion, mostly for the benefit of Arizona's public schools. But opening so much land for development could also test the region's real estate market, as well as its ability to provide water, transportation and other infrastructure for so many people.

"This is a blank slate," State Land Commissioner Mark Winkelman said. "We could break this up into 300-acre subdivisions and sell it to home builders, but I think we have the opportunity to create some value. We're starting out with a big chunk of the land that will bring a new identity for this area and set the stage to have orderly development."

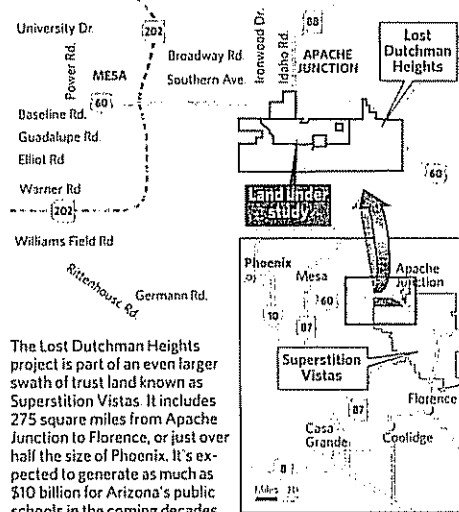
The continued interest in trust land will likely force state officials to re-evaluate population projections for Pinal County, which was expected to grow from about 220,000 in 2004 to about 244,000 in 2025. Maricopa County is projected to grow from about 3.5 million today to nearly 5 million by 2025.

The project also could serve as a small-scale blueprint for future deals if voters approve reforms of trust-land laws. Supporters of the reform package are working to put an initiative on the November 2006 ballot that would let the Land Department craft more detailed land plans before auctions, Winkelman said. Existing laws limit Lend Lease in its planning activities.

The land is wedged between the developed edge of the southeast Valley and the burgeoning subdivisions of Pinal County. Developers there have leapfrogged over the trust land to snap up private parcels. Winkelman said he hopes opening up the Superstition tracts will slow the sprawl and let commu-

## The start of something big

The Arizona State Land Department has selected a Colorado-based development company to begin work on planning studies for 1,650 acres of state trust land in the southeast Valley. The land is part of a larger tract, known as Lost Dutchman Heights, that covers about 7,700 acres. Anthem, by comparison, is 5,800 acres.



MARK WATERS/THE ARIZONA REPUBLIC

The Lost Dutchman Heights project is part of an even larger swath of trust land known as Superstition Vistas. It includes 275 square miles from Apache Junction to Florence, or just over half the size of Phoenix. It's expected to generate as much as \$10 billion for Arizona's public schools in the coming decades.

Source: Arizona State Land Department

nities catch up with roads and other services. Because the land is as raw as it gets in Arizona, planning is critical, he said. The Land Department will require the winning bidder of the first 1,650 acres of "Lost Dutchman Heights" to put up money for planning of the remaining 6,100 acres.

Lend Lease will study land uses and identify issues, such as drainage or other physical characteristics, that need to be addressed.

The company will also help the Land Department resolve flood-control questions, which have been raised by Maricopa County officials.

The department selected Lend Lease after looking at proposals from a number of development companies. Lend Lease develops, builds and manages real estate properties, with a portfolio that includes residential and commercial projects, as well as

public projects such as airports.

Winkelman said Lend Lease will not be given preference at auction time. But the company will likely be among the bidders for the first parcel.

Apache Junction has already included Lost Dutchman Heights in its planning and will work with the Land Department in coming months to prepare for the auction, said Rudy Esquivias, senior planner and the zoning administrator for the city.

Part of that work is writing a law specific to master-planned communities, he said. The city recently completed a water resources plan that took the trust land into account and is updating transportation needs and demands.

"That's our future," Esquivias said. "It's very difficult for us to grow to the north and east, so the land to the south is our fu-

ture. The trust land is a prime chunk of real estate that has been sitting there. It's a slow process, and it needs to be planned out."

The Superstition Vistas property is the subject of other intense study as well, including a long-range assessment by Arizona State University's Morrison Institute. That study is set for release in December or January.

The area is also included in planning by the Arizona Department of Transportation, which is looking at future needs in Pinal County, agency spokesman Doug Nintzel said.

"It's too early to say when potential highways might be built and really to what level they might be built," he said. "Funding is going to be the key. There's no funding programmed for any additional highways in the region at this time. Discussions are going to have to continue."

The success of the Land Department's venture also will likely hinge on issues such as the real estate market, the economy and even the physical land itself.

"You can make any scenario," said Jay Butler, director of ASU's Real Estate Center. "I still think a lot will depend on the nature of the market in this period of time and the economy. I don't think anybody has a clear sight on next week, much less eight or nine months from now. There are a lot of issues we don't know."

There are other big parcels that could come on the market in the near future, he said, including former automobile proving grounds in the Valley's southeast and northwest corners. Questions about land fissures also are emerging in the southwest Valley, which could influence decisions.

"What happens depends on the day of the auction," Butler said. "What is the economy looking like? What's happening at other sites and with the fissure issue? A lot of things that have to be answered."

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## Looking ahead on Valley growth

Two state agencies are tackling explosive growth in the southeast Valley. While the State Land Department has developed a plan for selling part of a 275-square-mile tract that could ultimately be home to more than a million new residents, the Department of Transportation has taken another step toward developing new freeways.

## AJ parcel sale will be start of something big

By Shaun McKinnon  
THE ARIZONA REPUBLIC

The State Land Department is poised to open the Valley's newest growth frontier, a swath of trust land more than half the size of Phoenix that stretches uninterrupted from Apache Junction to Florence.

Sometime next summer the first parcel, 1,650 acres just south of U.S. 60 in Apache Junction, will go up for auction. But that's just the start.

An additional 6,100 acres will be sold to complete the first master-planned community and, after that, the Land Department will sell the rest of what it calls its crown jewel: the 275-square-mile Superstition Vistas, which could be home to more than 1 million people within a few decades.

A Colorado-based de-

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## What's next: Still more land

The State Land Department manages thousands of acres of trust land on the Valley's edges. The hot spots for auctions and home building in the near future:

■ **Lost Dutchman Heights**, the roughly 7,700 acres of state trust land under study for development in the far East Valley, is part of a much larger tract known as Superstition Vistas. That land covers 275 square miles from Apache Junction to Florence and will supply auctions for years to come.

■ **Parcels known as Tatum East and West** sit to the north of Desert Ridge, the 5,000-acre master-planned community in north Phoenix. Several thousand acres will be made available in the future.

■ **In the northwest Valley**, wide tracts of trust land will be auctioned, much of it in north Peoria, including parcels near the successful Vistancia development

## Auctioning state land: How the process works

At statehood, Arizona received about 10 million acres from the federal government to be held in trust for the benefit of the state's residents.

The State Land Department manages the trust land and, by law, sells or leases it at auction for the highest possible price.

Money raised at the auctions is deposited in a permanent trust, which is now worth more than \$1 billion.

Income from the trust benefits one of about a dozen state institutions, with the bulk of the money going to public schools. Income from leases directly benefits the schools.

The state still holds more than 9 million acres in trust. Much of it is in rural areas, where it is often leased for mining or logging. The most valuable land is in urban areas, mostly Phoenix and Tucson, where it is sold for homes and businesses.